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Message Text

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44
ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTE-00 INR-07 NSAE-00 FAA-00 L-03 SS-15 H-02 NSC-05

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P 101845Z EAR 76
FM AMEMBASSY LONDON
TO SECSTATE WASHDC PRIORITY 9726

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E.O. 11652: N/A
TAGS: CAIR, UK
SUBJECT: CIVAIR - UK CAPACITY LIMITATIONS ON
UL.S. CARRIERS

REF: STATE 54601,
(BRO//N/AOLWELL TELECONS 3/9, 3/10

1. ON MARCH 10, MINISTER FOR ECONOMIC AND COMMERCIAL AFFAIRS, ACCOMOANIED BY RCAA, CALLED ON NORMAN STATHAM, DEPUTY URDER SECRETARY, FCO TO PRESENT NOTE PROTESTINQ DEPARTMENT OF TRADE LETTERS IMPOSING CAPACITY LIMITATIONS ON PANAM AND T//A. (TEXT OF NOTE TRANSMITTED SEPTEL.) ALSM PRESENT AT FCO MEETING WERE BUXTON, HEAD, MARINE AND TRANSPORT DEPARTMENT AND THOMAS, HEAD, NORTH AMERICA DEPARTMERT.

2. IN ADDITIMN TO GOING OVER CONTENT OF NOTE, ECONCOM MINISTER MADE FOLLOWING POINTS ORALLY:

-- BERMUDA CAPACITY PRINCIPLES WERE AN ESSENTIAL ELEMENT IN COMPROMISE WHICH LED TO US-UK AGREEMENT IN 1947 AND THEY HAVE SINCE FORMED THE BASIS FOR US AGREEMENTS WITH MANY OTHER COUNTRIES. THEREFORE VIOLATION OF THESE PRINCIPLES BY THE UK IS REGARDED AS MOST SERIOUS
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BY U.S.

-- LATEST DOT ACTION IS ANOTHER EXAMPLE WHERE THAT DEPARTMENT HAS IMPOSED UNILATERALLY AND OVER U.S. OBJECTIONS ITS OWN INTERPRETATION OF THE BILATERAL AGREEMENT. OTHER EXAMPLES ARE SEABOARD ROUTING PROBLEM AND PANAM AGENT COMMISSION CONTROVERSY. THE USG IS GREATLY CONCERNED ABOUT THIS TREND IN UK ACTIONS AFFECTING U.S. AIRLINES.

-- DOT LETTERS WERE ISSUED AT SAME TIME CAB WAS CONSIDERING RENEUAL OF AUTHORITY FOR AIRLINES TO ENGAGE IN INTERCARRIER AAPACITY TALKS. CAB HAS NOW RENEWED THAT AUTHORITY AND WITH WITHDRAWAL OF LETTERS, CARRIERS WILL BE ABLE TO GET TOGETHER TO WORK OUT A CAPACITY ARRANGEMENT.

3. STATHAM SAID HE THOUGHT DOT HAD CLEARLY SIGNALED ITS INTENTIONQ DURING FEBRUARY TALKS IN WASHINQTON TO TAKE ACTION TO CONTROL CAPACITY SITUATION AND HE READ PASSAGE FROM UKDEL REPORT STATINQ UKDEL MADE IT CLEAR THAT UKG WOULD TAKE WHATEVER STEPS NECESSARY TO PREVENT OPERATION OF EXCESS CAPACITY AND STATING THAT PAPER HAD BEEN HANDED TO USDEL WHICH DESCRIBED LEVEL OF CAPACITY UK WOULD CONSIDER REASONABLE. STATHAM ALSO SAID IT WAS UNFORTUNATE CAB HAD WAITED SO LONQ TO AUTHORIZE CARRIER TALKS BUT THAT UK WELCOMED APPROVAL NOW THAT IT HAD BEEN GIVEN. HE SAID HE WAS CONFIDENT DOT WOULD TELL BRITISH AIRWAYS TO GET TOGETHER WITH US CARRIERS TO NEGOTIATE A CAPACITY UNDEPSTANDING AND THAT HE HOPED THE CARRIERS COULD QUICKLY REACH AQREEMENT. WITH REGARD TO WITHDRAWAL OF DOT LETTERS, HE SAID FCO WOULD HAVE TO CONSULT WITH DOT AND HE PROMISED TO LET US KNOW RESULTS OF THAT CONSULTATION AS SOON AS POSSIBLE.

4. WE OBSERVED THAT NO ONE AT MEETING HAD BEEN PRESENT AT WASHINGTON TALKS TO REPORT ON EXACTLY WHAT HAD BEEN SAID BUT THAT IT WAS CERTAINLY EVIDENT TO EMBASSY FROM USG REACTION TO DOT LETTERS AND INSTRUCTIONS WE HAVE RECEIVED THAT USDEL HAD NOT REPEAT NOT UNDERSTOOD THAT IT WAS UKDEL'S INTENTION TO RETURN HOME AND ORDER
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CAPACITY LIMITATIONS. WE ALSO SAID THAT WHILE CAB APPROVAL OF CARRIER TALKS OFFERS AN OPPORTUNITY FOR A PRAGMATIC SOLUTION TO THE CAPACITY PROBLEM, NEVERTHELESS WE WANTED TO EMPHASIZE TO FCO THE SERIOUSNESS WITH WHICH USG VIEWS UNILATERAL ACTION BY DOT IN ATTEMPTING TO LIMIT CAPAAITY.

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*** Current Handling Restrictions *** n/a
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Draft Date: 10 MAR 1976
Decaption Date: 01 JAN 1960
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
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Disposition Date: 28 MAY 2004
Disposition Event:
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ISecure: 1
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